

Public Hearing

Agenda Item #	1
Meeting Date	May 7, 2007
Prepared By	Yovonda Brooks Finance Director
Approved By	Barbara B. Matthews City Manager

Discussion Item	Constant Yield Tax Rate
Background	<p>Pursuant to Maryland State Law, the constant yield tax rate is calculated by the Department of Assessments and Taxation for each taxing authority in the State. It represents the property tax rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year. As assessments increase, the constant yield tax rate decreases. When a taxing authority plans to impose a tax rate that is higher than the constant yield tax rate, it must advertise the tax increase and hold a public hearing. If the taxing authority plans to set a tax rate at the current level, but above the constant yield tax rate, it must be advertised and a hearing must be held.</p> <p>The real property tax rate must be set at the constant yield tax rate hearing, OR at a later time if announced at the time of the hearing. The tax rate is adopted as part of the overall budget. An ordinance setting the tax rate is scheduled for adoption at the same time as the budget ordinance is adopted.</p> <p>Notice of the Constant Yield Tax Rate public hearing was published, as required by State Law, in the May 2007 edition of the City Newsletter and the April 25, 2007 edition of the <i>Gazette</i> newspaper.</p>
Policy	The City Council provides notice and holds a public hearing as required by State law.
Fiscal Impact	The FY 07 property tax rate was \$0.63 per \$100 of assessed real property. The City Manager's proposed FY 2008 budget assumes a real property tax rate of \$0.61 per \$100 of assessed real property. This rate is 8.3% higher than the constant yield tax rate of \$0.563 per \$100 of assessed real property and will generate \$682,965 in additional property tax revenues.
Attachments	Official notice of public hearing and proposed property tax increase.
Recommendation	Conduct public hearing on the proposed tax rate.
Special Consideration	

**CITY OF TAKOMA PARK, MARYLAND
NOTICE OF A PROPOSED
REAL PROPERTY TAX INCREASE**

The City Council of the City of Takoma Park, Maryland proposes to increase real property taxes.

1. For the tax year beginning July 1, 2007, the estimated real property assessable base will increase by 11.8% from \$1,299,630,085 to \$1,453,117,887.
2. If the City of Takoma Park maintains the current tax rate of \$0.63 per \$100 of assessment, real property tax revenues will increase by 11.8% resulting in \$966,973 of new real property tax revenues.
3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.563, the constant yield tax rate.
4. The City is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City proposes to adopt a real property tax of \$0.61 per \$100 of assessment. This tax rate is 8.3% higher than the constant yield rate and will generate \$682,965 in additional property tax revenues.

A public hearing on the proposed real property tax rate increase will be held at 7:30 p.m. on Monday, May 7, 2007, in the Council Chambers of the Municipal Building at 7500 Maple Avenue, Takoma Park, Maryland.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call Jessie Carpenter, City Clerk, at 301-891-7267 for further information.